Australian Bureau of Statistics

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Release of the new "Wage Cost Index, Australia"

The Australian Bureau of Statistics will release a new publication **Wage Cost Index, Australia** (cat. no. 6345.0) **next Thursday 26 March 1998.** The first issue will show wage rate movements between September quarter and December quarter 1997.

The Wage Cost Index (WCI) has been developed as a tool for the analysis of monetary, fiscal and wage policies. It also will provide appropriate measures of change in wage rates for contract adjustment purposes, superior to the Award Rates of Pay Indexes (ARPI) which was discontinued after the release of the June 1997 ARPI publication.

There will be four sets of quarterly fixed-weighted indexes in the WCI publication:

- Ordinary-time hourly rates of pay - excluding bonuses
- Ordinary-time hourly rates of pay - including bonuses
- Total hourly rates of pay - excluding bonuses
- Total hourly rates of pay - including bonuses

The four component sets of indexes together will comprise the WCI. The component indexes of the WCI will be 'pure' price indexes: i.e. they will aim to measure changes in the wage and salary cost of a representative 'basket' of jobs over time, unaffected by changes in the quality or quantity of work performed.

The **ordinary-time hourly rates of pay indexes** will measure quarterly changes in ordinary-time hourly wage and salary rates. These indexes will exclude the effects of changes in penalty payments (which fluctuate depending on the number of hours paid at penalty rates) and allowances (which fluctuate according to how much work is performed under special work conditions eg. height, dirt, heat allowances).

The **total hourly rates of pay indexes** will combine ordinary-time and overtime hourly rates. They will be similar to the ordinary-time indexes, but include the effect of any changes in overtime penalty rates.

Indexes will be compiled for various combinations of State/Territory, sector (private/public), broad industry group and broad occupation group.

More detailed information on the WCI will be available in **Information Paper: Wage Cost Index, Australia** (cat. no. 6346.0) which is also to be released on the 26 March 1998.

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